

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06
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C O N F I D E N T I A L MOSCOW 3242

USDOC FOR BEWT (DOWNEY)

E.O. 11652: XGDS3
TAGS: EGEN EEWT UR UN
SUBJECT: COMMENTS BY GOSPLAN OFFICIALS ON SOVIET ECONOMY

1. DURING LUNCHEON WITH E/C COUNSELOR AND EMBOFF ON MARCH 9, VLADIMIR MORDVINOV, CHIEF OF STATE PLANNING COMMITTEE (GOSPLAN), DEPARTMENT FOR ECONOMIC COOPERATION WITH (NON-COMMUNIST) FOREIGN COUNTRIES, (SHO TRAVELS TO US MARCH 12 TO PARTICIPATE AS GUEST OF DEPARTMENT IN MULTI-REGIONAL SEMINAR) AND GOSPLAN AMERICAN DESK OFFICER N. L. DVORETS COMMENTED ON SOME CURRENT TRENDS IN THE SOVIET ECONOMY. PERHAPS BECAUSE THIS WAS A FIRST MEETING, THE COMMENTS TENDED TO BE SOMEWHAT GENERAL.

2. US-SOVIET RELATIONS. DVORETS COMMENTED THAT PRESENT DIFFICULTIES BETWEEN US AND USSR ARE CAUSING MANY COMPLICATIONS FOR HIM IN WORKING OUT US SHARE IN LONG RANGE PLAN (SEPTEL). SINCE THIS APPEARED TO BE AN IMPLIED REFERENCE TO CURRENT TENSIONS OVER HUMAN RIGHTS, DOVORETS WAS ASKED IF IT WERE NOT THE TRADITIONAL SOVIET VIEW THAT POLITICAL
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DIFFERENCES SHOULD NOT BE ALLOWED TO INTERFER WITH TRADE. HE SMILED AT REFERENCE BUT STUCK TO POSITION THAT CURRENT ATMOSPHERE COMPLICATES HIS LIFE.

3. USE OF RUBLES BY UN. SINCE MORDVINOV HAS A STRONG UNITED NATIONS BACKGROUND, ESPECIALLY WITH UNCTAD, HE WAS ASKED ABOUT SOVIET ATTITUDE TOWARDS PROPOSALS FOR LIBERAL-

IZATION OF SOVIET RUBLE CONTRIBUTIONS TO UN DEVELOPMENT PROGRAM, AND IN PARTICULAR IF SOME NEW SOVIET PROPOSAL MIGHT BE EXPECTED. MORDVINOV RESPONDED THAT HE DID NOT SEE MUCH PROSPECT FOR SUCH PROPOSALS. THE REASON IS THAT THE USSR IS SHORT OF HARD CURRENCY ITSELF AND PREFERS TO USE IT TO BUY WESTERN TECHNOLOGY, HE SAID.

4. REFORM OF SOVIET FOREIGN TRADE SYSTEM. UNDER JOGLAR (BUT LARGELY UNPRODUCTIVE) PLANNING BY MORDVINOV TO BE MORE SPECIFIC, DVORETS CONFIRMED THAT A REORGANIZATION OF THE SOVIET FOREIGN TRADE SYSTEM IS UNDER WAY. HOWEVER, HE DID NOT ANTICIPATE THAT THE EFFECTS OF THIS CHANGE WOULD BE PRECEPTIBLE FOR TWO OR THREE YEARS. HE VOICED THE VIEW THAT THE MINISTRY OF FOREIGN TRADE (MFT) WILL LOSE SOME AUTHORITY IN THIS PROCESS. AT THIS POINT MORDVINOV QUIPPED THAT THE MFT THINKS THE SOVIET FOREIGN TRADE MONOPOLY MEANS AN MFT MONOPOLY. WITH SPECIFIC REFERENCE TO POSSIBLE CHANGES IN THE AUTHORITY OF THE STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY - WHERE HE WAS FORMERLY EMPLOYED- DVORETS COMMENTED THAT THE APPROVAL OF THE SCST WILL CONTINUE TO BE REQUIRED ON ACQUISITION OF FOREIGN TECHNOLOGY. MORDVINOV EXPLAINED THAT GOSPLAN DECIDES THE MAIN ISSUES, INCLUDING THE ALLOCATION OF FUNDS. (HE EMPHASIZED THAT THE STATE BANK DOES NOT DECIDE ON THE LATTER). HE DID INDICATE THAT FOREIGN TRADE PLANNING INCLUDES A LOAN PLAN (VZAYMY PLAN), WHICH HE CHARACTERIZED ONLY AS SIMILAR TO A BALANCE OF PAYMENTS PLAN, AND WHICH HE SAID WAS DRAFTED BY A COMMITTEE INCLUDING GOSPLAN, STATE BANK, STATE COMMITTEE ON FOREIGN ECONOMIC RELATIONS, MFT
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AND MINFINANCE. IT WAS TRUE, HE SAID, THAT INDUSTRIAL MINISTRIES WOULD HAVE A MORE DIRECT VOICE IN FOREIGN TRADE; IN FACT, THEY ALREADY DO. THE INDUSTRIES WITH SUBSTANTIAL HARD CURRENCY EXPORTS, FOR EXAMPLE, HAVE A STRONGER CLAIM ON INVESTMENT INCLUDING HARD CURRENCY INVESTMENT THAN DO OTHER MINISTRIES. SUBSEQUENTLY HE SEEMED TO AGREE THAT THIS PRINCIPLE OPERATED AT THE ENTERPRISE LEVEL AS WELL.

5. SOVIET OIL. MORDVINOV ACKNOWLEDGED THAT THE USSR IS NOT ABLE TO SATISFY THE NEED OF THE CEMA PARTNERS FOR CRUDE OIL. HE COMPLAINED THAT THEY WOULD LIKE TO HAVE TWO-THIRDS OF SOVIET OIL EXPORTS.

6. MORDVINOV'S COMMENTS ON CURRENT FIVE-YEAR PLAN, ECONOMIC GOALS, AND FIFTEEN-YEAR PLAN BEING REPORTED SEPTEL.

7. SINCE MORDVINOV WILL BE IN WASHINGTON AND NEW YORK AS PART OF HIS PARTICIPATION IN THE MULTI-REGIONAL ECONOMIC SEMINAR, DEPARTMENT, USDOC AND USUN MAY WISH

TO FOLLOW UP ON THESE AND OTHER POINTS OF POSSIBLE INTEREST.
WE WILL BE ENDEAVORING TO DEVELOP THIS RELATIONSHIP UPON
HIS RETURN TO THE USSR AND WOULD APPRECIATE HEARING THE
RESULTS OF ANY SUBSANTIVE DISCUSSIONS HE MAY HAVE.

8. COMMENT: CONCERNING ONGOING REORGANIZATION OF
FOREIGN TRADE, ABOUT WHICH WE ARE LEARNING IN BITS AND
PIECES, G.A. KONOPLEV, PRESIDENT OF SOVIET FOREIGN TRADE
ORGANIZATION (FTO) TEKHNOPROMIMPORT, TOLD E/C COUNSELFOR
MARCH 9 THAT MAIN EFFECT OF CHANGE HAS BEEN TO ASSOCIATE
INDUSTRIAL MINISTRIES WITH DECISIONSON SOVIET EXPORTS
BUT NOT WITH IMPORTS, WHERE FTO'S CONTINUE TO WORK MUCH
AS BEFORE. WE TEND TO QUESTIONTHIS LATTER PONT BUT
OTHERWISE REGARD REMARKS AS CONSISTENT WITH MOST INFORMATION
WE ARE HEARING. THIS SUBJECT REMAINS MURKY AND SPECULATIVE.
FOR EXAMPLE, ON MARCH 9 THE ITALIAN COMMERCAIL COUNSELOR
STATED THAT ITALIAN FIRMS NOW ENJOY EASY ACCESS TO SOVIET
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END-USERS. GERMAN ECONOMIC MINISTER WAS QUICK TO REJOIN
THAT GERMAN FIRMS HAVE NONE, STILL STUCK WITH THE FTO'S.
TOON

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